

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE TARIFF FILING BY)	
CHESAPEAKE UTILITIES CORPORATION FOR)	
A NEW RATE SCHEDULE ("CMFF") CALLED)	PSC DOCKET NO. 03-529
CITY OF MILFORD FRANCHISE FEE RIDER)	
(FILED DECEMBER 10, 2003))	

ORDER NO. 6360

AND NOW, to-wit, this 10th day of February, 2004;

WHEREAS, on December 10, 2003, Chesapeake Utilities Corporation ("Chesapeake" or the "Company") filed with the Commission an application seeking approval to amend its Gas Services Tariff to implement, on March 1, 2004, a "City of Milford Franchise Fee Rider" ("Milford Fee rider"); and

WHEREAS, under the proposed Milford Fee rider, customers of Chesapeake, within the City of Milford municipal boundaries, would pay a surcharge of \$0.010 per Ccf on delivered gas, such charge representing a "pass through" of the volumetric franchise fee the City of Milford (the "City") collects under a 1999 franchise agreement between the Company and the City; and

WHEREAS, the Commission, pursuant to PSC Order No. 6330 (Dec. 23, 2003), having directed that notices of this proposed surcharge be published in the Delaware State News, The News Journal, and the Milford Chronicle newspapers, and that such notices announce that the Commission would conduct a hearing on this proposed surcharge at its regularly scheduled meeting on February 10, 2004, and that interested persons could seek to intervene or file comments; and

WHEREAS, no person or entity has sought to intervene and no person or entity has filed comments concerning the surcharge; and

WHEREAS, the Commission having held the announced public hearing on the Company's application at its regularly scheduled meeting on February 10, 2004; and

WHEREAS, the Commission having heard the presentations and reviewed the exhibits presented by both the Company and the Commission Staff, and having considered Staff's recommendation that the Commission approve the proposed tariff revisions and surcharge of \$0.010 per Ccf for customers located in the City; and

WHEREAS, the Commission determines that it is appropriate, in this circumstance, to have the volumetric franchise fee imposed by the City to be passed through to the customers within the jurisdiction imposing such cost, and not be treated as a general expense possibly to be paid by all the Company's ratepayers; and

WHEREAS, the Commission has previously approved a similar surcharge applicable to the Company's customers within the Town of Smyrna arising from a similar franchise fee imposed by that town (PSC Order No. 4671 (Dec. 17, 1997));¹ and

WHEREAS, by approving the surcharge in this area, the Commission makes no conclusion whether, and to what extent, towns and municipalities may impose franchise fees, and the Commission continues to reserve the power to revisit the appropriate ratemaking treatment arising from this and other municipal franchise fees imposed on this Company and other regulated public utilities; now, therefore;

¹The Commission has also permitted Delmarva Power & Light Company to charge its customers in the City of Wilmington a surcharge rider to collect the public utility tax imposed by that City. PSC Order No. 6266 (Sept. 9, 2003).

IT IS ORDERED:

1. That, the application of Chesapeake Utilities Corporation filed on December 10, 2003, to revise its tariff in order to implement a "City of Milford Franchise Fee Rider," calculated at \$0.010 per Ccf of gas delivered to all firm and interruptible Delivery Service customers of Chesapeake Utilities Corporation within the limits of the City of Milford, is hereby approved. The revised tariff sheets submitted by Chesapeake Utilities Corporation in its application of December 10, 2003 are approved with such revisions, to be effective on March 1, 2004. Chesapeake Utilities Corporation shall separately identify on its billings to its customers within the City of Milford such "City of Milford Franchise Fee Rider" as a separate line item and shall, with its initial billing of such surcharge, note that it is imposed as a result of the franchise fee imposed by the City of Milford under a franchise agreement.

2. The Commission reserves the jurisdiction and authority to enter such other or further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

/s/ Arnetta McRae
Chair

/s/ Joshua M. Twilley
Vice Chair

/s/ Donald J. Puqlisi
Commissioner

/s/ Joann T. Conaway

Commissioner

/s/ Jaymes B. Lester

Commissioner

ATTEST:

/s/ Karen J. Nickerson

Secretary